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Monthly Statistical Report

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APRIL 1988

SUMMARY

After surprisingly strong deliveries in the first quarter, April broke the pattern with a nearly flat performance compared with one year earlier. Gasoline and distillate, both of which had experienced unusually large deliveries increases in the first quarter, reversed direction in April, declining 1.3 percent and 4.2 percent, respectively. Actual consumption has likely not been nearly so erratic as deliveries over the past several months, however, and actual usage of both products likely continued to grow in April. Movements in nonprimary storage probably account for much of the divergence between deliveries and consumption, and in particular, the April 1 change in diesel excise tax collection procedures apparently caused a shift of purchasing forward to March that would have otherwise have occurred later—helping to depress the most recent month's deliveries.

Deliveries of some products still increased in April, however. Kerosine jet fuel deliveries rose more than 4 percent, though if adjusted for underreported imports in 1987, the increase would be half that. Residual fuel oil continued its unbroken string of increases so far this year, rising 6.8 percent for the month versus a nearly 12 percent decline for last year as a whole.

Imports rose nearly 22 percent or close to 1.3 million B/D, with somewhat more than half going into a 22 million barrel increase in primary inventories. Current estimated consumption growth and production declines, however, still imply an underlying rate of growth for imports of roughly 10 percent per year. April's crude oil production was down more than 220 thousand B/D from a year ago and 1 million B/D from its level in early 1986.

With adequate gasoline inventories and recent strong deliveries of distillate, refinery yield patterns have been slower to shift away from distillate and towards gasoline so far this year. However, because of a 6 percent increase in refining activity over last April, gasoline production for the month was still the highest for April in over a decade.

PRODUCT SUPPLIED[1/]

Gasoline

APRIL DECREASE FOLLOWS STRONG FIRST QUARTER.

April's deliveries of gasoline declined 1.3 percent, year to year, in contrast with both the first quarter's above-trend increase and with an underlying estimated growth rate of 2 percent. Recent gains in income suggest that consumption has been growing at least as rapidly as last year. In the absence of significant price changes—and April's partly seasonal 3 cent rise put retail prices at about the same level as a year ago—changes in income are one major determinant of gasoline consumption. Real disposable personal income rose about 2.3 percent for the first quarter versus one year earlier, roughly a percent higher than in 1987 when gasoline deliveries were already rising at more than 2 percent per year.

Unleaded's share of deliveries has been steady at about 80 percent so far in 1988. Such an apparent lack of advance is not unusual at this time of year, though the reason is unclear. Year to year, however, unleaded's share still shows a 6.2 percentage point gain over last April. This is roughly in line with the 6.8 point increase for all of last year, an increase that had been strengthened in comparison with earlier years because of midgrade unleaded introductions in various markets.

Distillates

DESPITE WEATHER AND TRANSPORT GAINS, A DECLINE.

As with gasoline, April's distillate deliveries reversed their previous strong growth, falling more than 4 percent or 125 thousand B/D. If adjusted for weather, the year-to-year decline would have been even larger. Though nationally, temperatures averaged about normal for the month, compared with last year weather was about 9 percent colder, and more than that in major heating-oil-consuming regions. This added an estimated 50 thousand B/D to distillate consumption compared with last April.

However, April's weak deliveries are perhaps not too much of a surprise after the previous month's surge related to the change in federal excise tax collection for diesel fuel which became effective April 1. This undoubtedly had caused some affected buyers to move purchases forward to March that otherwise would have occurred in April or later.

Underlying consumption growth is estimated to be around 3 percent, mainly on the strength of increasing transportation

API ESTIMATES

	APRIL		YEAR-TO-DATE	
	Million B/D	Percent Change	Million B/D	Percent Change
Total domestic deliveries	16.5	(0.1)	17.1	4.6
Crude oil production[2/]	8.2	(2.7)	8.2	(2.0)
Total imports[3/]	7.0	21.9	6.9	18.6
Stocks (million bbl)[3/]	1,037	1.5	na	na

use. Farm use, though in general believed to be holding steady compared with last year, may have been somewhat stronger in April in view of planting rates for major grains, which were reported to be well ahead of normal.

Residual Fuel Oil

DELIVERIES UP FOR FOURTH MONTH IN A ROW.

Residual fuel oil deliveries for April are estimated to be 1,343 thousand B/D, representing an increase of 1.3 percent from the previous month but an increase of 6.8 percent from April 1987. This represents a continuing pattern of year-to-year increases that has characterized the heavy fuel oil markets since the beginning of the year. This apparently indicates that the reversal of last year's erosion of the heavy fuel market has become more than a short-term phenomenon. In fact, the month-to-month increase contrasts sharply with the normally large seasonal decline usually recorded for April, implying unusual strength in heavy fuel oil demand for the month.

Strong demand from the industrial sector, which is currently experiencing an export-led boom as well as continuing robustness in domestic demand, is reported to have been the main reason for the ongoing underlying strength in fuel oil deliveries. In addition, the fuel was believed to have benefited from its continuing competitive price advantage over natural gas in this sector despite recent declines in the spot price of gas. The increase in residual fuel prices towards the end of the month, however, was a belated response to the earlier firming of crude oil prices, and was therefore too small and too late to result in significant switching away from oil during the month. Utilities' demand for heavy fuel oil, however, which was reported to have been in line with seasonal expectations, is not believed to have accounted for any of the month's strength in the residual fuel oil market.

Kerosine Jet Fuel

APRIL DELIVERIES RISE, BUT WEAKLY.

Kerosine jet fuel deliveries rose 4.3 percent in April, but if adjustment is made for under-reporting of imported jet fuel removed from bonded storage last year, the increase would be about half that rate. For the year to date, deliveries adjusted for this increased over 5 percent, not far short of rates implied by the growth in air traffic.

Traffic indicators for the first quarter were up nearly 6 percent. Much of the increase was due to large gains in international travel, with domestic traffic up only about 3 percent over last year's first quarter. Air freight, however, was strong both for both domestic and international destinations, averaging more than 20 percent above a year ago.

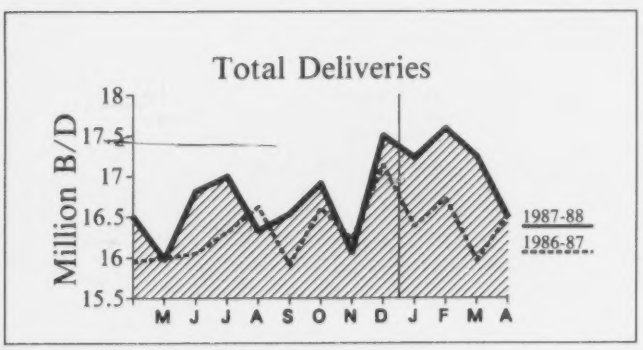
Other Oils

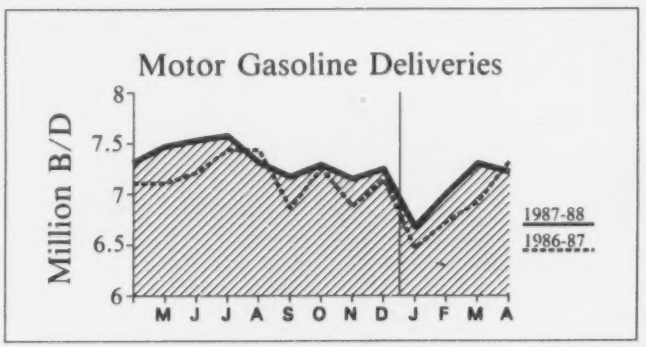
NEARLY FLAT FOR THE MONTH.

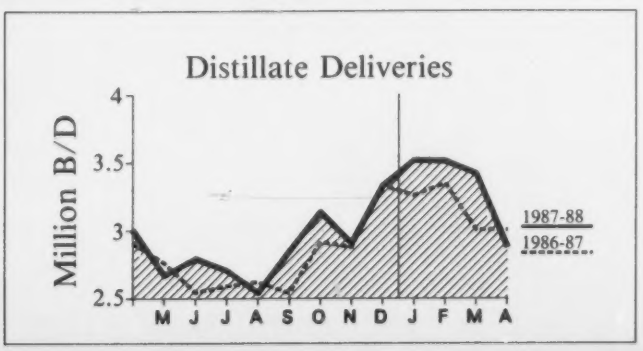
Deliveries of other oils for April were estimated to be 3,890 thousand B/D, down 5.5 percent from the previous month but up 0.3 percent from April 1987. The large monthly decline, almost twice that of the seasonal norm, resulted in the smallest year-to-year increase in almost two years.

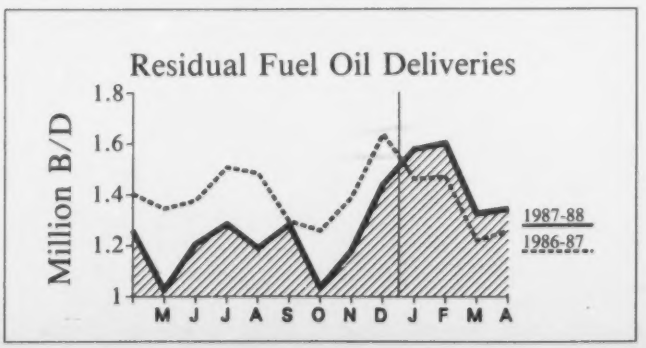
Several factors are believed to have accounted for the apparent slowdown in the growth of deliveries in this category. In the petrochemical markets, ethane and propane deliveries continued to be strong as a result of the continued buoyancy in both domestic and international markets for derivatives. Propane continues to be the preferred feedstock in the olefin market. But actual deliveries of both propane and ethane are believed to have been hampered by continued downtime in several large ethylene plants. In addition, deliveries of heavier feedstocks were reported to have stagnated somewhat as a result of declines in naphtha throughput. Gasoil deliveries were reported to have risen only slightly.

A slow start in the summer season of the asphalt and road oil markets is also believed to have contributed substantially to the weakness in deliveries of the other oils. Weather problems in several parts of the country are believed to have hampered asphalt and road oil deliveries, slowing both road-building and roofing activity.









SUPPLY [1/]

Production

CRUDE PRODUCTION, NGLs BOTH DOWN SO FAR THIS YEAR. April crude oil production declined 2.7 percent or over 220 thousand B/D from a year earlier; unlike recent previous months, there was no year-to-year increase in Alaskan production to partially offset the lower 48's continuing decline.

Natural gas liquids production has also shown year-to-year declines averaging about 1 percent so far this year, contrasting with the nearly 7 percent rise in last year's second half. The increase last year, however, mainly represented a return to earlier levels following depressed production in 1986. Lower production of NGLs then was a direct result of that year's substantial oil price decline, which had made petroleum-based petrochemical feedstocks more attractive relative to those derived from natural gas.

Imports

UP 22 PERCENT FROM LAST APRIL. Total imports moved up again in April after slipping slightly in March, exceeding 7 million B/D for the first time since last August. The year-to-year increase was nearly 22 percent or close to 1.3 million B/D, with a little more than half of the increase ending up in inventories. Current estimated consumption growth and production declines, however, still imply a substantial underlying growth rate for imports of roughly 10 percent per year.

Three fourths of April's rise in imports was in crude oil, though product imports also rose about 285 thousand B/D. A major part of the increase for products was due to higher imports of LPGs and unfinished oils, while imports of gasoline and components, distillates, and residual fuel oil all were within 15 thousand B/D of last April's levels.

Refinery Operations

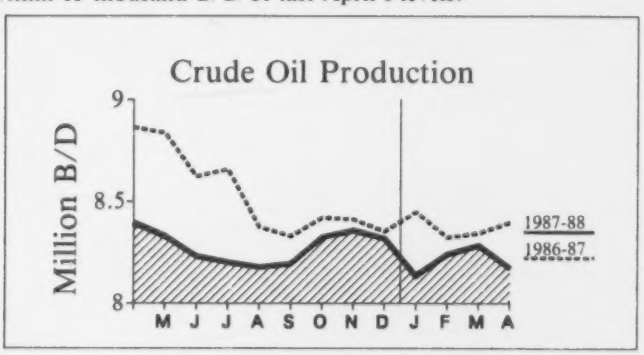
GASOLINE OUTPUT UP DESPITE EMPHASIS ON DISTILLATE. The seasonal shift in product slates towards gasoline and away from distillate has been slower so far this year than usual, in part a reflection of the strong deliveries of distillate in the past several months and gasoline inventories which were already at recent historical levels for this time of year. Toward the end of April, however, gasoline production was picking up relative to distillate.

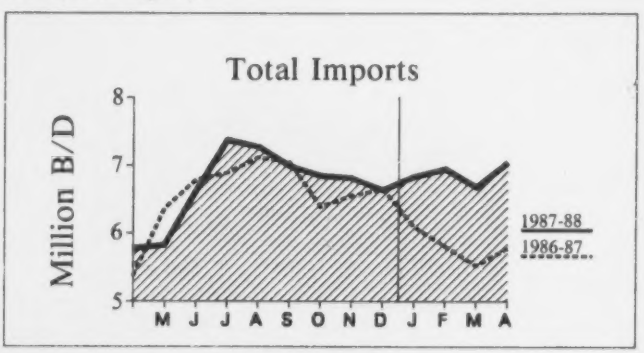
Even though gasoline yields for the month were less than usual for April, gasoline production still reached the highest April level in more than a decade because of the high level of refinery runs. Input to crude oil distillation units rose 6 percent over a year ago; gasoline production rose 0.6 percent, while distillate output increased more than 13 percent.

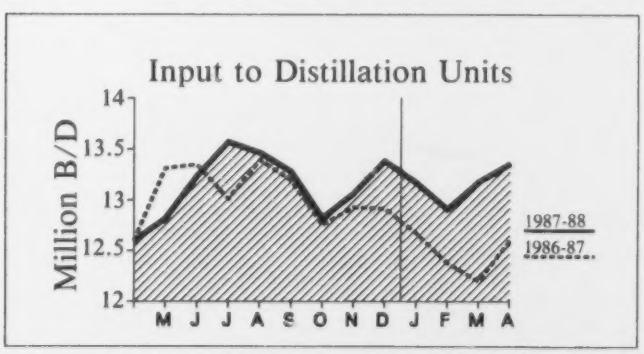
Refinery utilization was up 3 percentage points over last April, reaching 83.4 percent of operable capacity. If the roughly 1 million B/D of capacity classified as operable but idle were excluded, the utilization rate would rise to 89 percent, a few percentage points short of historical highs ranging in the low 90s.

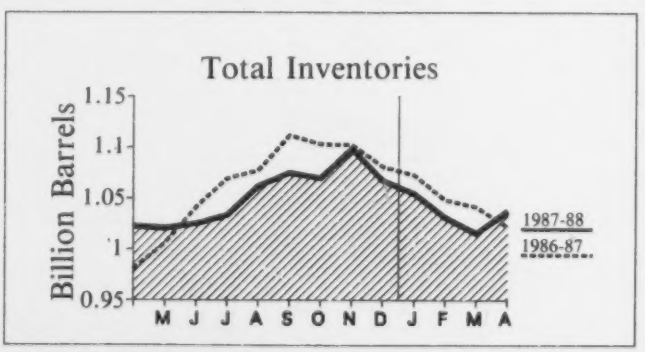
Inventories

TOTAL STOCKS RISE 22 MILLION BARRELS. Though on average, total inventories have historically shown little direction during the month, this April's inventories rose by 22 million barrels because of higher imports and below-trend deliveries. Crude oil stocks accounted for half of the increase. Gasoline stocks held nearly steady, while distillate inventories, in a contraseasonal move, rose slightly.









1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 547 million barrels as of April 30, 1988).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	APRIL			YEAR-TO-DATE		
	1988[1]	1987[2]	% Change	1988[3R]	1987[2]	% Change
Products Supplied:						
Total motor gasoline	7,219	7,317	(1.3)	7,055	6,858	2.9
Finished leaded motor gasoline*	1,442	1,915	(24.7)	1,413	1,779	(20.6)
Finished unleaded motor gasoline*	5,777	5,402	6.9	5,642	5,079	11.1
Naphtha-jet	235	196	19.9	213	193	10.4
Kerosine-jet	1,178	1,129	4.3	1,240	1,156	7.3
Distillate fuel oil	2,879	3,004	(4.2)	3,335	3,150	5.9
Residual fuel oil	1,343	1,257	6.8	1,462	1,350	8.3
All other oils[4]	3,890	3,877	0.3	4,104	3,942	4.1
Reclassified[5]	- 253	- 279	(9.3)	- 265	- 266	(0.4)
Total domestic products supplied	16,491	16,501	(0.1)	17,144	16,383	4.6
Exports	880	864	1.9	904	849	6.5
Total products supplied	17,371	17,365	-	18,048	17,232	4.7
Supply:						
Domestic production:						
Crude oil[6]	8,172	8,395	(2.7)	8,207	8,378	(2.0)
Natural gas liquids	1,581	1,600	(1.2)	1,587	1,605	(1.1)
Other supply[7]	1,298	960	35.2	1,134	953	19.0
Total domestic supply	11,051	10,955	0.9	10,928	10,936	(0.1)
Imports:						
Crude oil, total	5,037[10/]	4,058[10/]	24.1	4,728[10/]	3,964[10/]	19.3
Canadian	705	611	15.4	671	560	19.8
Other	4,332	3,447	25.7	4,057	3,404	19.2
Products, total	1,999	1,715	16.6	2,150	1,834	17.2
Residual fuel oil	547	541	1.1	661	593	11.5
Other	1,452	1,174	23.7	1,489	1,241	20.0
Total imports	7,036	5,773	21.9	6,878	5,798	18.6
Total supply	18,087	16,728	8.1	17,806	16,734	6.4
Stock change, all oils	+ 716	- 637	XXXX	- 242	- 498	XXXX
Refinery Operations						
Input to crude oil distillation units	13,357	12,598	6.0	13,157	12,462	5.6
Operable capacity	16,016	15,662	2.3	15,883	15,642	1.5
Refinery utilization (%)[8]	83.4%	80.4%	3.7	82.8%	79.7%	3.9
Crude oil runs	13,137	12,513	5.0	12,966	12,367	4.8

Stocks (millions bbls.)	1988		1987[2]	% Change from ...	
	Apr. 30[9]	Mar. 31[9]	Apr. 30	Previous Month	Year Ago
Crude oil [10/]	357.2	345.8r/	331.0	3.3	7.9
Unfinished oils	103.2	101.4	105.5	1.8	(2.2)
Total motor gasoline**	228.8	229.8r/	242.6	(0.4)	(5.7)
Finished leaded motor gasoline*	47.0	48.5	59.5	(3.1)	(21.0)
Finished unleaded motor gasoline*	145.7	144.3r/	142.0	1.0	2.6
Naphtha-jet	6.7	6.7	6.9	-	(2.9)
Kerosine-jet	38.2	38.9	40.1	(1.8)	(4.7)
Distillate fuel oil	94.4	91.3r/	100.4	3.4	(6.0)
Residual fuel oil	41.4	42.0r/	35.9	(1.4)	15.3
All other oils	167.1	159.6r/	158.9	4.7	5.2
Total all oils	1,037.0	1,015.5r/	1,021.3	2.1	1.5

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-February, U.S. Department of Energy, March-April, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.